

# **RESEARCH PARK CORPORATION**

Audits of Consolidated Financial Statements

December 31, 2013 and 2012

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## **Independent Auditor's Report**

The Board of Directors  
Research Park Corporation  
Baton Rouge, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Research Park Corporation (the Corporation which comprise the consolidated statements of net position as of December 31, 2013 and 2012, and the related consolidated statements of revenues, expenses and changes in net position and cash flows for the years then ended and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

NEW ORLEANS HOUSTON BATON ROUGE COVINGTON

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**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Research Park Corporation as of December 31, 2013 and 2012, and the changes in its net position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

**Other Matters*****Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9 be presented to supplement the consolidated basic financial statements. Such information, although not a part of the consolidated basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the consolidated basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidated basic financial statements, and other knowledge we obtained during our audit of the consolidated basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2014 on our consideration of Research Park Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Research Park Corporation's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA  
March 21, 2014

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**RESEARCH PARK CORPORATION  
BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

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The Management's Discussion and Analysis of Research Park Corporation's financial performance presents a narrative overview and analysis of Research Park Corporation's (the Corporation) financial activities for the years ended December 31, 2013 and 2012. This document focuses on the current year's activity, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the consolidated financial statements, which begin on page 10.

**FINANCIAL HIGHLIGHTS**

**2013**

The Corporation's assets exceed its liabilities (net position) at the close of fiscal year 2013 by \$23,166,349, which represents a 21.3% increase in net position from the prior fiscal year. The primary factor driving this increase was the sale of the Corporation's equity interest in Bon Carre' Business Center, LLC, which generated \$750,000 of cash and a promissory note of \$4,650,000. In addition, investment portfolio assets increased by \$2,027,811, due to improvements in U.S. equity markets. Income from the investment portfolio was used to support operating losses of \$1,827,385, a decrease of 15.2% from the prior fiscal year. The Corporation's main assets are now a mix of capital assets of \$261,538, promissory note from Bon Carre' Business Center II, LLC of \$4,650,000, and liquid assets of \$17,756,520, which consist primarily of investments of securities and cash.

**2012**

The Corporation's assets exceed its liabilities (net position) at the close of fiscal year 2012 by \$19,092,812, which represents a 3.0% increase in net position from the prior fiscal year. This increase is primarily a result of an increase in investment portfolio assets of \$910,622, due to improvements in U.S. equity markets. Income from the investment portfolio was used to support operating losses, which increased 4.2% from the previous year. The Corporation's main assets are a mix of capital assets of \$278,549, investment in Bon Carre' Business Center II, LLC, and related receivable of \$3,116,849, and liquid assets of \$15,392,218, which consist primarily of investments of securities and cash.

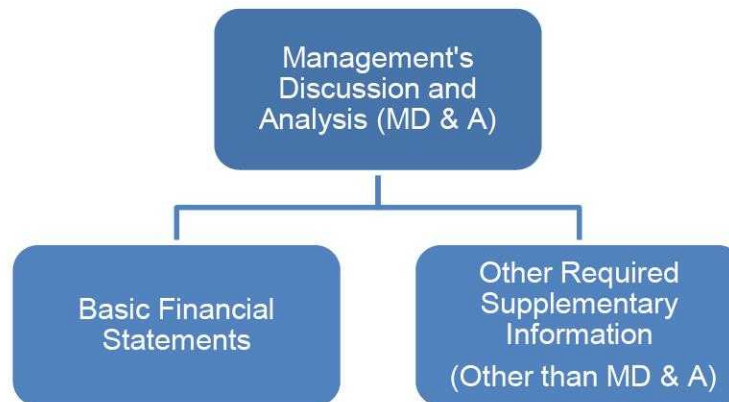
**RESEARCH PARK CORPORATION  
BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.



These consolidated financial statements consist of two sections - Management's Discussion and Analysis (this section), and the consolidated basic financial statements (including the notes to the consolidated financial statements).

**Basic Financial Statements**

The consolidated basic financial statements present information for Research Park Corporation as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Consolidated Statements of Net Position; the Consolidated Statements of Revenues, Expenses and Changes in Net Position; and the Consolidated Statements of Cash Flows.

The "Consolidated Statements of Net Position" (page 10) present a summary of assets and liabilities with totals of each. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The "Consolidated Statements of Revenues, Expenses and Changes in Net Position" (pages 11 - 12) present information which shows how the Corporation's net position changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The "Consolidated Statements of Cash Flows" (pages 13 - 14) present information showing how the Corporation's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income to net cash provided by operating activities (indirect method) as required by GASB 34.

**RESEARCH PARK CORPORATION  
BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

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**FINANCIAL ANALYSIS OF THE ENTITY**

**Condensed Consolidated Statements of Net Position  
As of December 31, 2013, 2012, and 2011**

	<b>2013</b>	<b>2012</b>	<b>2011</b>
Current Assets	<b>\$ 1,582,772</b>	<b>\$ 1,218,125</b>	<b>\$ 1,321,658</b>
Investments	<b>21,575,313</b>	<b>18,161,122</b>	<b>17,146,792</b>
Capital Assets	<b>261,538</b>	<b>278,549</b>	<b>301,387</b>
<b>Total Assets</b>	<b>23,419,623</b>	<b>19,657,796</b>	<b>18,769,837</b>
Liabilities	<b>253,274</b>	<b>564,984</b>	<b>150,841</b>
<b>Total Net Position</b>	<b>\$ 23,166,349</b>	<b>\$ 19,092,812</b>	<b>\$ 18,618,996</b>

All of the assets of the Corporation are unrestricted as to their specific use; that is, they can be used for any lawful purpose consistent with the by-laws and articles of incorporation. The investment portfolio, which was created as a result of the sale of land in 2005, increased 6.4% in 2012 and 13.5% in 2013, as nationwide economic conditions improved. During 2013, the Corporation sold its equity interest in Bon Carre' Business Center II, LLC, which eliminated the equity interest and preferred dividends receivable items, and generated \$750,000 in cash and a promissory note of \$4,650,000. During 2013, \$530,000 of cash was withdrawn from the investment portfolio to support operations.

**RESEARCH PARK CORPORATION**  
**BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

**Condensed Consolidated Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended December 31, 2013, 2012 and 2011**

	2013	2012	2011
Operating Revenues	\$ 246,015	\$ 268,945	\$ 391,770
Operating Expenses	2,073,400	2,423,690	2,459,579
<b>Operating Loss</b>	<b>(1,827,385)</b>	<b>(2,154,745)</b>	<b>(2,067,809)</b>
Non-Operating Revenues (Expenses)			
Equity Gain (Loss) on Investment	51,908	(17,887)	(64,031)
Gain on Sale of Investment In Bon Carre'	2,231,243	-	-
Tax Revenue - Cooperative Endeavor 2011	-	-	627,320
Tax Revenue - Cooperative Endeavor 2012	-	669,701	618,281
Tax Revenue - Cooperative Endeavor 2013	544,212	630,747	-
Tax Revenue - Cooperative Endeavor 2014	656,868	-	-
Investment Income (Net of Fees)	2,561,722	1,834,849	119,149
Warrant Income	18,928	-	-
Unrelated Business Income Tax Expense	(164,390)	(400,000)	-
Other Income	431	1,151	330
<b>Total Non-Operating Revenues, Net</b>	<b>5,900,922</b>	<b>2,718,561</b>	<b>1,301,049</b>
<b>Change in Net Position</b>	<b>\$ 4,073,537</b>	<b>\$ 563,816</b>	<b>\$ (766,760)</b>

**2013**

Operating revenues consist of income received from incubator clients, as well as grant and sponsorship income. For the year ended December 31, 2013, operating revenues decreased 8.5%, primarily because data center usage patterns and pricing changes have contributed to a steady decline in data center service fees from clients. Grant and sponsorship income increased 73.9%, due to a grant the Corporation received from Delta Regional Authority to start a video game incubator. Operating expenses decreased 14.4%, due primarily to a renegotiated contract with the data center, which led to lower rates. Non-operating revenues increased 117.1%, due to gains recorded on the sale of the Corporation's interest in Bon Carre' Business Center II, LLC, as well as significant increases in the investment portfolio, and warrant income resulting from the settlement of a warrant with a former client.

**RESEARCH PARK CORPORATION  
BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

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**2012**

Operating revenues consist of income received from incubator clients, as well as grant and sponsorship income. For the year ended December 31, 2012, operating revenues decreased 31.4%, due to several factors. The incubator admitted new clients in the second half of the year and, thus, did not receive a full year of revenues from those clients to offset those who graduated out of the incubator. Data center usage patterns and pricing changes have contributed to a steady decline in data center service fees from clients. Also, grant and sponsorship income decreased from the previous year, as the Corporation received two grants in 2011 and one in 2012. Operating expenses decreased 1.5% from the previous year. Non-operating revenues increased 140%, due primarily to an increase in income from the investment portfolio as market conditions improved. The Corporation also recorded a loss on the investment in Bon Carre' Business Center due to allocated distributions in 2012. Lodging tax revenues increased 4.4%, as the national and local economies continued to improve.

**CAPITAL ASSETS AND DEBT**

**Capital Assets**

As of December 31, 2013, the Corporation had approximately \$261,538 invested in capital assets, primarily composed of data equipment and leasehold improvements. This represented a decrease of \$17,011, or 6.1%, from the previous year, due to normal depreciation. This was partially offset by spending on equipment and renovations to portions of the facility, which were partially paid for through grants.

As of December 31, 2012, the Corporation had approximately \$278,549 invested in capital assets, primarily composed of data equipment and leasehold improvements. This represented a decrease of \$22,838, or 7.6%, from the previous year, due to normal depreciation. This was partially offset by spending on equipment and renovations to portions of the facility, which were primarily paid for through grants.

**Capital Assets - Net of Depreciation  
As of December 31, 2013, 2012, and 2011**

	2013	2012	2011
Capital Assets	<u>\$ 261,538</u>	<u>\$ 278,549</u>	<u>\$ 301,387</u>

**RESEARCH PARK CORPORATION  
BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

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**ECONOMIC FACTORS AND NEXT YEAR'S OPERATIONS**

The Corporation's management considered the following factors and indicators when setting 2014 budget and goals:

- New recurring monthly income from the promissory note payments from Bon Carre' Business Center II, LLC;
- Increasing demand for incubator space and services from digital media companies;
- Continued grant support from Delta Regional Authority for the video game incubator program launched in 2013;
- Contribution to Innovation Catalyst, Inc. to help establish a venture development organization and capital fund for the Baton Rouge region;
- Effect of continued improvement in national markets on the investment portfolio;
- Renovation of a portion of the space, including creation of a Radio Frequency and Fast Prototyping Lab. The lab is being created to meet a unique need for companies working with low-energy Bluetooth technology and for companies needing a resource for creating prototypes quickly. Neither of these services are currently available within the region.

Management expects 2014 operating results to be similar to 2013. The net loss will be increased by some non-operating items such as the contribution to Innovation Catalyst, Inc., renovation of a portion of the space, and a contribution approved for the Redevelopment Authority. The contributions to Innovation Catalyst, Inc. contribute to the Corporation's net loss; however, creation of the organization is expected to benefit the Corporation's future operations, as well as those of the entire region's entrepreneurial assets. The net loss is supported by cash withdrawals from the investment portfolio.

**CONTACTING RESEARCH PARK CORPORATION'S MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of Research Park Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Stephen Loy, Executive Director.

**RESEARCH PARK CORPORATION**  
**Consolidated Statements of Net Position**  
**December 31, 2013 and 2012**

	2013	2012
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 684,436	\$ 347,945
Taxes Receivable - Cooperative Endeavor 2014	656,869	-
Taxes Receivable - Cooperative Endeavor 2013	-	721,035
Interest Receivable	17,461	15,398
Other Receivables, Less Allowance for Uncollectible Accounts of \$587 and \$27,881, at 2013 and 2012, Respectively	48,522	91,824
Current Portion of Note Receivable - Bon Carre' Business Center	146,771	-
Prepaid Expenses	28,713	41,923
<b>Total Current Assets</b>	<b>1,582,772</b>	<b>1,218,125</b>
<b>Investments</b>		
Investment in Bon Carre' Business Center	-	1,500,599
Preferred Dividends Receivable - Bon Carre'	-	1,616,250
Note Receivable - Bon Carre' Business Center	4,503,229	-
Investment in Securities (at Fair Value)	17,072,084	15,044,273
<b>Total Investments</b>	<b>21,575,313</b>	<b>18,161,122</b>
<b>Capital Assets</b>		
Furniture and Equipment	778,966	784,537
Work in Progress - Leasehold Improvements	20,881	-
Leasehold Improvements	340,892	326,937
Work in Progress - Website	-	15,000
Website	30,501	25,171
	1,171,240	1,151,645
Less: Accumulated Depreciation	(909,702)	(873,096)
<b>Total Capital Assets, Net</b>	<b>261,538</b>	<b>278,549</b>
<b>Total Assets</b>	<b>\$ 23,419,623</b>	<b>\$ 19,657,796</b>
<b>Liabilities and Net Position</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 70,108	\$ 118,732
Accrued Expenses	32,552	27,584
Unearned Revenue	-	4,000
Security Deposits	10,614	14,668
Unrelated Business Income Tax Liability	140,000	400,000
<b>Total Current Liabilities</b>	<b>253,274</b>	<b>564,984</b>
<b>Total Liabilities</b>	<b>253,274</b>	<b>564,984</b>
<b>Net Position</b>		
Net Investment in Capital Assets	261,538	278,549
Unrestricted	22,904,811	18,814,263
<b>Total Net Position</b>	<b>23,166,349</b>	<b>19,092,812</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 23,419,623</b>	<b>\$ 19,657,796</b>

The accompanying notes are an integral part of these consolidated financial statements.

**RESEARCH PARK CORPORATION**  
**Consolidated Statements of Revenues, Expenses**  
**and Changes in Net Position**  
**For the Years Ended December 31, 2013 and 2012**

	2013	2012
<b>Revenues</b>		
Incubator Client Income	\$ 183,681	\$ 230,474
Grant and Sponsorship Income	60,171	34,605
Other Operating Income	2,163	3,866
<b>Total Revenues</b>	<b>246,015</b>	<b>268,945</b>
<b>Expenses</b>		
Outsourcing Services	373,848	906,050
Salaries and Wages	359,176	334,852
Rent	307,719	307,048
Innovation Catalyst, Inc. Grant	234,964	-
Professional Fees	175,285	92,404
Employee Benefits	92,500	85,510
Depreciation	86,852	82,729
BRAC Regional Innovation Organization Sponsorship	62,500	250,000
Consulting Fees	54,754	34,580
Marketing	49,748	64,154
Facility Maintenance and Repair	49,003	53,066
Utilities	48,050	44,050
Office Supplies and Equipment	30,635	15,183
Telephone	27,835	18,502
Payroll Taxes	27,334	25,133
Meals, Entertainment, and Incubator Programs	19,785	11,828
Computer Expenses	19,608	27,446
Insurance	18,289	17,265
Travel and Professional Development	15,260	13,838
Postage and Printing	10,544	9,714
Dues, Licenses, and Subscriptions	9,495	5,293
Miscellaneous Expenses	216	45
Bad Debt	-	25,000
<b>Total Expenses</b>	<b>2,073,400</b>	<b>2,423,690</b>
<b>Operating Loss</b>	<b>(1,827,385)</b>	<b>(2,154,745)</b>

The accompanying notes are an integral part of these consolidated financial statements.

**RESEARCH PARK CORPORATION**  
**Consolidated Statements of Revenues, Expenses**  
**and Changes in Net Position (Continued)**  
**For the Years Ended December 31, 2013 and 2012**

	2013	2012
<b>Non-Operating Revenues (Expenses)</b>		
Equity Gains (Losses) on Investments	51,908	(17,887)
Gain on Sale of Investment in Bon Carre'	2,231,243	-
Hotel/Motel Tax Revenue - Cooperative Endeavor 2012	-	669,701
Hotel/Motel Tax Revenue - Cooperative Endeavor 2013	544,212	630,747
Hotel/Motel Tax Revenue - Cooperative Endeavor 2014	656,868	-
Investment Income (Net of Fees)	2,561,722	1,834,849
Unrelated Business Income Tax Expense	(164,390)	(400,000)
Warrant Income	18,928	-
Other Income	431	1,151
<b>Total Non-Operating Revenues (Expenses)</b>	<b>5,900,922</b>	<b>2,718,561</b>
<b>Change in Net Position</b>	<b>4,073,537</b>	<b>563,816</b>
<b>Net Position - Beginning of the Year</b>	<b>19,092,812</b>	<b>18,528,996</b>
<b>Net Position - End of the Year</b>	<b>\$ 23,166,349</b>	<b>\$ 19,092,812</b>

The accompanying notes are an integral part of these consolidated financial statements.

**RESEARCH PARK CORPORATION**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2013 and 2012**

	2013	2012
<b>Cash Flows from Operating Activities</b>		
Cash Received from:		
Other Operating Receipts	\$ 285,317	\$ 280,352
Cash Paid for:		
Salaries and Employee Benefits	(474,042)	(456,055)
General and Administrative Expenses	(1,153,550)	(973,888)
Computer Expenses	(19,608)	(27,446)
Outsourcing Services	(373,848)	(906,050)
<b>Net Cash Used in Operating Activities</b>	<b>(1,735,731)</b>	<b>(2,083,087)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Taxes Received	1,265,246	1,197,694
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>1,265,246</b>	<b>1,197,694</b>
<b>Cash Flows from Capital Financing Activities</b>		
Capital Asset Purchases	(69,841)	(59,891)
<b>Net Cash Used in Capital Financing Activities</b>	<b>(69,841)</b>	<b>(59,891)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Investments and Certificates of Deposit	(4,830,071)	(12,281,775)
Proceeds from Sale of Investments and Certificates of Deposit	5,024,111	12,585,731
Proceeds from Sale of Stock Warrants	19,928	-
Return of Capital Investment in Bon Carre' Business Center	-	148,405
Proceeds from Sale of Investment in Bon Carre' Business Center	750,000	-
Other Income Received	427	1,151
Unrelated Business Income Tax Paid	(424,390)	-
Interest and Dividend Income Received	336,812	346,100
<b>Net Cash Provided by Investing Activities</b>	<b>876,817</b>	<b>799,612</b>
<b>Change in Cash and Cash Equivalents</b>	<b>336,491</b>	<b>(145,672)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>347,945</b>	<b>493,617</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 684,436</b>	<b>\$ 347,945</b>

The accompanying notes are an integral part of these consolidated financial statements.

**RESEARCH PARK CORPORATION**  
**Consolidated Statements of Cash Flows (Continued)**  
**For the Years Ended December 31, 2013 and 2012**

	2013	2012
<b>Reconciliation of Operating Loss to Net</b>		
<b>Cash Used in Operating Activities</b>		
Operating Loss	\$ (1,827,385)	\$ (2,154,745)
Adjustments to Reconcile Operating Loss to		
Net Cash Used in Operating Activities		
Depreciation	86,852	82,729
Changes in Operating Assets and Liabilities:		
Other Receivables	43,302	7,407
Unearned Revenues	(4,000)	4,000
Prepaid Expenses	13,210	(32,621)
Accounts Payable	(48,624)	19,111
Accrued Expenses	4,968	(10,560)
Security Deposits	(4,054)	1,592
<b>Net Cash Used in Operating Activities</b>	<b>\$ (1,735,731)</b>	<b>\$ (2,083,087)</b>

The accompanying notes are an integral part of these consolidated financial statements.

## RESEARCH PARK CORPORATION

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities

Research Park Corporation (the Corporation) was formed as a public nonprofit corporation in 1992. The State of Louisiana transferred a tract of land (at the State's cost) in 1993 to the Corporation to establish a research park. The purpose of the research park is to provide an area where various industries may set up their businesses while they are in the developmental stage. The research park is used to attract these businesses to Louisiana.

During the year ended December 31, 2001, the Corporation refocused its efforts to concentrate primarily on developing early-stage technology businesses. The Corporation formed Louisiana Technology Park, LLC (LTP) as a subsidiary of the Corporation to act as the technology business incubator for the development stage technology companies. LTP is adjacent to a commercial data center and commercial office space for technology companies. The commercial data center provides data storage and transmission capabilities to incubator companies. During the year ended December 31, 2002, the Corporation formed Bon Carre' Development Company, LLC as a subsidiary of the Corporation, for the purpose of purchasing Bon Carre' Town Center's mortgage note and approximately 18 ½ acres of land relating to that development. (See Note 7).

Two percent of the hotel/motel tax collections in East Baton Rouge Parish are dedicated to the East Baton Rouge Community Improvement Fund. Fifty percent of the tax monies collected by the Community Improvement Fund are allocated to the Corporation. (See Note 3).

#### Note 2. Summary of Significant Accounting Policies

##### Reporting Entity

GASB Statement 14, as amended, establishes criteria for determining the governmental reporting entity and component units that should be included within a reporting entity. Under provisions of this Statement, the Corporation is considered a primary government entity since it is a public nonprofit corporation that has a separately appointed governing body and is legally separate. The Corporation has two component units, Louisiana Technology Park, LLC and Bon Carre' Development Company, LLC, defined by GASB Statement 14 as other legally separate organizations for which the Corporation is financially accountable. These entities are reported as blended component units, and are thus combined with Research Park Corporation for reporting purposes. There are no other primary governments with which the Corporation has a significant relationship.

## RESEARCH PARK CORPORATION

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

##### Basis of Accounting

The Corporation is considered to be a proprietary-type fund and is presented as a business-type activity. Proprietary funds are used to account for governmental activities that are similar to those found in the private sector where the determination of operating income and changes in net position is necessary or useful to sound financial administration. The accounting principles generally accepted in the United States of America (GAAP) used for proprietary funds are generally those applicable to similar businesses in the private sector (accrual basis of accounting). Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

##### Income Taxes

Research Park Corporation is a tax exempt entity under Section 501(c)(3) of the Internal Revenue Code. Generally, the income of these organizations is presumed to be tax exempt. However, this exemption is related to the purpose for which the organization was organized. In the event that the entity generates income from an unrelated trade or business, that income would be subject to unrelated business income tax (UBIT). The Corporation's income from Bon Carre' Business Center qualifies as unrelated business, and is thus subject to UBIT.

##### Compensated Absences

All full-time employees earn from 20 to 25 days of Paid Time Off (PTO) leave each year, depending on length of service with the Corporation. Upon separation, all earned unused PTO leave will be paid.

##### Cash

For purposes of reporting cash flows, cash includes highly liquid investments with original maturities of three months or less, with the exception of money markets. Money markets are utilized as part of the long-term investment portfolio and are, therefore, classified as investments.

##### Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## RESEARCH PARK CORPORATION

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

##### Reclassifications

Certain reclassifications have been made to prior year balances to conform to the current year presentation.

##### Revenue Recognition

Non-exchange transactions, in which the Corporation receives value without directly giving value in return, include funding related to the cooperative endeavor agreements entered into for the State of Louisiana's fiscal years ending June 30, 2009 through June 30, 2014. (See Note 3.) Funds received from cooperative endeavor agreements that are unrelated to capital outlay are recognized in the period in which the Corporation is eligible to receive the funding. The state fiscal 2009 - 2014 cooperative endeavor agreements are considered to be non-operating activities as they are funded by hotel/motel tax revenue. Hotel/motel tax revenue is considered "measurable" when the underlying transaction generating the tax occurs. All funds received in the form of a donation are considered non-operating revenue.

##### Investments

Investments in securities are reported at estimated fair value except for short-term and money market investments with a maturity of one year or less, which are reported at cost which approximates fair value. Fair value is based on the last reported sales price, if available; if not available, fair value is based on estimated fair value. Realized gains and losses and changes in unrealized gains and losses on investments recorded at estimated fair value are included in investment income. Investments include money market accounts, investments in domestic and foreign common stock, investments in domestic and foreign corporate and government debt, commodities and gold, hedge funds, mutual funds, real estate investment trusts, and master limited partnerships.

The Corporation accounts for its investment, as described in Note 7, in the common stock of the Bon Carre' Business Center II, LLC and BCBC Land, LLC (collectively referred to as BCBC) using the equity method as provided for in APB Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock." The Corporation accounts for its investment in the preferred stock of BCBC at cost.

##### Capital Assets

All capital assets are capitalized at historical cost, or estimated historical cost for assets where actual cost is not available. The Corporation maintains a threshold level of \$500 or more for capitalizing assets.

All capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed by the Corporation, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 8 years.

## RESEARCH PARK CORPORATION

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

##### Net Position

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB No. 63, net position is classified into three components - net investment in capital assets, restricted; and unrestricted. These classifications are defined as follows:

##### ***Net Investment in Capital Assets***

This component of net position consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, plus deferred outflows of resources, less deferred inflows of resources related to those assets.

##### ***Restricted***

This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

##### ***Unrestricted***

All other net position is reported in this category.

##### Impact of Recently Issued and Adopted Accounting Principles

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASB 61 is intended to improve financial reporting for a governmental financial reporting entity. The provisions of this statement are effective for financial reporting periods beginning after June 15, 2012. The adoption of this statement in 2013 did not have any impact on the Corporation's consolidated financial statements. Additional note disclosures required by the statement for blended component units is included in Note 10.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pro-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011. The adoption of this statement in 2012 did not have any impact on the Corporation's consolidated financial statements.

## RESEARCH PARK CORPORATION

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The provisions of this statement are effective for financial periods beginning after December 15, 2011. During 2012, the Corporation adopted the statement and restated balances previously referred to as net assets to net position.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The provisions of the statement are effective for periods beginning after December 15, 2012. The adoption of the statement in 2013 did not have any impact on the Corporation's consolidated financial statements.

#### Note 3. Cooperative Endeavor Agreements

Two percent of the hotel/motel sales tax collections for East Baton Rouge Parish are dedicated to the East Baton Rouge Parish Community Improvement Fund. Fifty percent of the monies collected by the Fund are allocated to the Corporation. The line item appropriation to the Fund was a maximum of \$3,050,000 for the State's fiscal years ending June 30, 2011 - 2014. Governor Jindal issued Executive Order BJ 2008-30, dated August 5, 2008, that requires a comprehensive cooperative endeavor agreement between the transferring agency and the Corporation in order to receive funding from the line item appropriation. The Corporation entered into this cooperative endeavor agreement with the State for the State's fiscal years ending June 30, 2011 - 2014, and must submit quarterly cost reports for review and approval by the Department of the Treasury before funds are released to the Corporation.

#### Note 4. Cash and Investments

Statement No. 40 of the Governmental Accounting Standards Board (GASB 40), *Deposits and Investment Risk Disclosures*, established and modified disclosure requirements related to investment risk. This section describes various types of investment risk and the Corporation's exposure to each type.

## RESEARCH PARK CORPORATION

### Notes to Consolidated Financial Statements

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#### Note 4. Cash and Investments (Continued)

The following table presents the estimated fair value of investments permissible under the rules, objectives and guidelines of the Corporation as of December 31:

Investment Type	2013 Estimated Fair Value	2012 Estimated Fair Value
Cash and Equivalents	\$ 601,753	\$ 600,677
Domestic Equity	8,818,587	6,894,984
International and Emerging Markets Equity	1,545,684	1,291,669
Domestic Fixed Income	3,194,980	3,468,406
International and Emerging Markets Debt	654,932	807,991
Commodities and Gold	494,125	620,509
REITs, MLPs, and Other Alternative Assets	1,762,023	1,360,037
<b>Total</b>	<b>\$ 17,072,084</b>	<b>\$ 15,044,273</b>

#### Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of bank failure, the Corporation's deposits may not be returned to it. Deposits are carried at cost. The carrying amount of deposits is separately displayed on the balance sheet as "cash and cash equivalents". At year-end, the carrying amount of the Corporation's deposits was \$684,436 and the bank balance was \$688,269. Of the bank balance, \$285,393 was in excess of the federally insured amount at December 31, 2013. The Corporation believes the credit risk associated with this is minimal.

For investments, custodial credit risk is the risk that the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured and are not registered in the name of the Corporation. The Corporation had no custodial credit risk related to investments for the years ended December 31, 2013 and 2012.

#### Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The standardized rating systems are a good tool with which to assess credit risk on debt obligations.

## RESEARCH PARK CORPORATION

### Notes to Consolidated Financial Statements

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#### Note 4. Cash and Investments (Continued)

The following table shows the ratings for the years ended December 31:

Standard and Poor's Rating	2013 Estimated Fair Value	2012 Estimated Fair Value
AAA	\$ 396,005	\$ 1,245,950
AA	262,266	272,099
A	263,282	292,646
BBB	766,251	846,209
BB	422,906	341,805
B	167,418	137,614
CCC	25,875	21,534
Not Rated	741,936	385,276
Total	<u>\$ 3,045,939</u>	<u>\$ 3,543,133</u>

U.S. Treasury notes, although not rated by S&P, are included in the chart above in the AAA category, which is the Moody's rating. Alternative or structured investments have not been included in the ratings above as they are not traded and, therefore, have not been rated. Redemption of these investments relies solely on the companies which provide the contracts and their ability to repay the underlying obligation.

Concentration of credit risk relates to the risk of loss attributed to a magnitude of the Corporation's investments in a single issuer. The Corporation has no investments in any single issuer that represented 5% or more of the total investments other than the U.S. Government.

#### Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The risk is applicable to debt investments with fair values that are sensitive to changes in interest rates. One indicator of the measure of interest rate risk is the dispersion of maturity dates for debt instruments, excluding fixed income mutual funds.

## RESEARCH PARK CORPORATION

### Notes to Consolidated Financial Statements

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#### Note 4. Cash and Investments (Continued)

The following table shows the maturity dates for the years ended December 31:

<b>Maturity in Years</b>	<b>2013 Estimated Fair Value</b>	<b>2012 Estimated Fair Value</b>
Less than 1	\$ 87,280	\$ 45,305
1 - 5	1,099,140	796,294
5 - 10	902,975	858,848
10 or more	956,544	1,842,686
<b>Total</b>	<b>\$ 3,045,939</b>	<b>\$ 3,543,133</b>

Net investment income for the years ended December 31, 2013 and 2012, consisted of the following:

	<b>2013</b>	<b>2012</b>
Interest and Dividend Income (Net of Fees)	\$ 338,870	\$ 620,272
Realized Gains	314,778	813,612
Unrealized Gains	1,908,074	400,965
<b>Total</b>	<b>\$ 2,561,722</b>	<b>\$ 1,834,849</b>

#### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The following table presents those foreign investment instruments which have potential exposure to foreign currency risk for the years ended December 31:

	<b>2013</b>	<b>2012</b>
Global/Emerging Markets Debt Funds	\$ 553,095	\$ 768,901
Global/Emerging Markets Equity Funds	855,461	648,951
Individual Foreign Bonds	101,837	39,090
Individual Foreign Stocks	690,223	642,718
<b>Total</b>	<b>\$ 2,200,616</b>	<b>\$ 2,099,660</b>

# RESEARCH PARK CORPORATION

## Notes to Consolidated Financial Statements

### Note 5. Capital Assets

A summary of changes in capital assets at December 31, 2013 and 2012, is as follows:

	2013			
	Beginning Balance	Additions	Deletions	Ending Balance
Furniture and Equipment	\$ 784,537	\$ 10,986	(16,557)	\$ 778,966
Website	25,171	30,500	(25,170)	30,501
Work in Progress	15,000	20,881	(15,000)	20,881
Leasehold Improvements	326,937	22,474	(8,519)	340,892
	1,151,645	84,841	(65,246)	1,171,240
Accumulated Depreciation	(873,096)	(86,852)	50,246	(909,702)
<b>Total</b>	<b>\$ 278,549</b>	<b>\$ (2,011)</b>	<b>\$ (15,000)</b>	<b>\$ 261,538</b>

	2012			
	Beginning Balance	Additions	Deletions	Ending Balance
Furniture and Equipment	\$ 764,801	\$ 19,736	-	\$ 784,537
Website	25,171	-	-	25,171
Work in Progress	-	15,000	-	15,000
Leasehold Improvements	301,782	25,155	-	326,937
	1,091,754	59,891	-	1,151,645
Accumulated Depreciation	(790,367)	(82,729)	-	(873,096)
<b>Total</b>	<b>\$ 301,387</b>	<b>\$ (22,838)</b>	<b>\$ -</b>	<b>\$ 278,549</b>

### Note 6. Commitments

#### Lease Agreements

Beginning January 1, 2005, LTP entered into a formal lease agreement for a term of 10 years with Bon Carre' Business Center II, LLC. Rent is based on square footage at escalating lease amounts from \$5.50 to \$8.00 per square foot. Rental payments for the years ended December 31, 2013 and 2012, were \$307,719 and \$307,048, respectively, under this lease. During 2012, LTP entered into a lease agreement for telephone equipment and software with a 36 month term. During 2013, LTP entered into a lease agreement for copier equipment with a 48 month term. Also during 2013, LTP entered into a contract for data storage and services with a 36 month term.

## RESEARCH PARK CORPORATION

### Notes to Consolidated Financial Statements

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#### Note 6. Commitments (Continued)

The future minimum lease payments for all leases are as follows:

2014	\$ 701,414
2015	399,370
2016	10,810
2017	<u>6,380</u>
Total	<u>\$ 1,117,974</u>

#### Regional Innovation Organization

During 2010, the Corporation entered into an agreement with the Baton Rouge Area Chamber to create a Regional Innovation Organization (RIO). The function of the RIO is to coordinate efforts between the business incubators in the Baton Rouge Area, provide business acceleration services to incubator clients, serve as the focal center and unified voice of entrepreneurship in the Baton Rouge region, assist entrepreneurs with physical space needs, and to help improve access to capital for the region's entrepreneurs. The Corporation has made a commitment to support the development and operation of the RIO through an annual contribution of \$250,000, which ended March 31, 2013.

#### Innovation Catalyst, Inc.

During 2012, the Corporation worked in partnership with the Baton Rouge Area Chamber (BRAC) to create Innovation Catalyst, Inc. formerly known as Step One Ventures, Inc., a 501(c)(3) venture development organization, as a result of the work done by the RIO. The function of Innovation Catalyst, Inc. is to help build the entrepreneurial ecosystem in the Baton Rouge region by investing in high potential startup companies and collaborating with investors, incubators, and service providers to create a regional entrepreneurial network for coordinated marketing, talent development, minority and female inclusion, and service delivery. The Corporation has committed to fund the operating budget of Innovation Catalyst, Inc. for up to three years, beginning April 1, 2013, and to assist the entity in raising an investment fund.

#### Video Game Incubator

The Corporation entered into a grant contract with Delta Regional Authority (DRA) effective March 12, 2013, which provides the Corporation with up to \$75,000 to help launch a video game incubator program. The program would provide space, services, mentorship, education, furniture, and equipment designed specifically for companies in the video game development and digital media industries. The Corporation will submit quarterly reports to DRA, and receive funds on a cost reimbursement basis. The Corporation is also required to provide matching funds for the grant of \$11,400, and create new jobs through the program over the 18-month contract period.

## RESEARCH PARK CORPORATION

### Notes to Consolidated Financial Statements

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#### Note 7. Investment in Bon Carre' Business Center

On December 31, 2002, the Corporation through its subsidiary, Bon Carre' Development Company, LLC, purchased the mortgages, consent judgment and, to the extent they had any viability, the notes of Bon Carre' Town Center from First Tennessee Bank for \$8,160,121. In connection with the above transaction, the Corporation also purchased land at a cost of \$839,879. On March 28, 2003, the Corporation sold its entire interest in the above land and mortgage note to Bon Carre' Business Center II, LLC for which it received \$9 million. The Corporation subsequently purchased a 26.56% interest in Bon Carre' Business Center II, LLC's and BCBC Land, LLC's (collectively referred to as BCBC) common stock for \$2,125,900, plus 3,000 units of cumulative non-voting 9% preferred stock for \$3,000,000 for a total purchase price of \$5,125,900. On December 1, 2013, the Corporation sold its entire equity interest in BCBC, including common stock, preferred stock, and outstanding dividends receivable, to Bon Carre' Business Center in exchange for \$750,000 cash and a promissory note of \$4,650,000.

The Corporation's portion of BCBC's net profit for the 11 months ended November 30, 2013, was \$51,908, which increased the related investment account for that year. The Corporation's portion of BCBC's net loss was \$17,887, for the year ended December 31, 2012, which decreased the related investment account for that year. The Corporation did not receive any preferred dividend payments during 2013 or 2012. Preferred dividends receivable were \$-0- and \$1,616,250, at December 31, 2013 and 2012, respectively. The Corporation received \$149,405 in distributions in 2012. The sale of the equity interest and preferred dividends receivable resulted in a gain on sale of \$2,231,243 in 2013.

#### Note 8. Warrants

LTP can receive warrants to purchase shares in some incubator companies. These warrants are exercisable upon certain financing being achieved by the incubator company and have a term of ten years at an exercise price of \$.10. The warrants are deemed to have minimal fair value at December 31, 2013 and 2012, and have not been recorded in the accompanying financial statements.

During 2013, the Corporation exercised a warrant in a former incubator client, resulting in a settlement of \$18,928.

#### Note 9. Retirement Plan

The Corporation adopted a 401(k) Plan in 2002 which covers substantially all of its employees. The Corporation contributes 4% of all eligible employees' salaries and matches 100% of each employee's salary deferrals up to 3% of their compensation. The contributions for the years ended December 31, 2013 and 2012, were \$24,208 and \$23,151, respectively.

# RESEARCH PARK CORPORATION

## Notes to Consolidated Financial Statements

### Note 10. Combining Component Unit Information

The following tables include condensed combining statements of net position information for the Corporation and its component units as of December 31, 2013 and 2012:

December 31, 2013					
	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	Eliminations	Total
<b>Assets</b>					
Current Assets	\$ 808,703	\$ 91,905	\$ 682,164	\$ -	\$ 1,582,772
Other Assets	22,531,682	3,877	4,503,229	(5,463,475)	21,575,313
Capital Assets	-	261,538	-	-	261,538
<b>Total Assets</b>	<b>\$ 23,340,385</b>	<b>\$ 357,320</b>	<b>\$ 5,185,393</b>	<b>\$ (5,463,475)</b>	<b>\$ 23,419,623</b>
<b>Liabilities and Net Position</b>					
Current Liabilities	\$ 174,036	\$ 79,238	\$ -	\$ -	\$ 253,274
<b>Total Liabilities</b>	<b>174,036</b>	<b>79,238</b>	<b>-</b>	<b>-</b>	<b>253,274</b>
<b>Net Position</b>					
Net Investment in Capital Assets	-	261,538	-	-	261,538
Unrestricted	23,166,349	16,544	5,185,393	(5,463,475)	22,904,811
<b>Total Net Position</b>	<b>23,166,349</b>	<b>278,082</b>	<b>5,185,393</b>	<b>(5,463,475)</b>	<b>23,166,349</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 23,340,385</b>	<b>\$ 357,320</b>	<b>\$ 5,185,393</b>	<b>\$ (5,463,475)</b>	<b>\$ 23,419,623</b>

December 31, 2012					
	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	Eliminations	Total
<b>Assets</b>					
Current Assets	\$ 1,055,173	\$ 147,652	\$ 15,300	\$ -	\$ 1,218,125
Other Assets	18,457,448	4,877	3,116,849	(3,418,052)	18,161,122
Capital Assets	-	278,549	-	-	278,549
<b>Total Assets</b>	<b>\$ 19,512,621</b>	<b>\$ 431,078</b>	<b>\$ 3,132,149</b>	<b>\$ (3,418,052)</b>	<b>\$ 19,657,796</b>
<b>Liabilities and Net Position</b>					
Current Liabilities	\$ 419,809	\$ 145,175	\$ -	\$ -	\$ 564,984
<b>Total Liabilities</b>	<b>419,809</b>	<b>145,175</b>	<b>-</b>	<b>-</b>	<b>564,984</b>
<b>Net Position</b>					
Net Investment in Capital Assets	-	278,549	-	-	278,549
Unrestricted	19,092,812	7,354	3,132,149	(3,418,052)	18,814,263
<b>Total Net Position</b>	<b>19,092,812</b>	<b>285,903</b>	<b>3,132,149</b>	<b>(3,418,052)</b>	<b>19,092,812</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 19,512,621</b>	<b>\$ 431,078</b>	<b>\$ 3,132,149</b>	<b>\$ (3,418,052)</b>	<b>\$ 19,657,796</b>

# RESEARCH PARK CORPORATION

## Notes to Consolidated Financial Statements

### Note 10. Combining Component Unit Information (Continued)

The following tables include condensed combining statements of revenues, expenses and changes in net position information for the Corporation and its component units for the years ended December 31, 2013 and 2012:

December 31, 2013	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	Eliminations	Total
<b>Revenues</b>					
Incubator Client Income	\$ -	\$ 183,681	\$ -	\$ -	\$ 183,681
Grant and Sponsorship Income	38,571	21,600	-	-	60,171
Other Operating Income	-	2,163	-	-	2,163
<b>Total Revenue</b>	<b>38,571</b>	<b>207,444</b>	<b>-</b>	<b>-</b>	<b>246,015</b>
<b>Expenses</b>					
Operating Expenses	675,983	1,310,565	-	-	1,986,548
Depreciation	-	86,852	-	-	86,852
<b>Total Expenses</b>	<b>675,983</b>	<b>1,397,417</b>	<b>-</b>	<b>-</b>	<b>2,073,400</b>
<b>Operating Loss</b>	<b>(637,412)</b>	<b>(1,189,973)</b>	<b>-</b>	<b>-</b>	<b>(1,827,385)</b>
<b>Non-Operating Revenues (Expenses)</b>					
Tax Revenue	1,201,080	-	-	-	1,201,080
Gain (Loss) on Investments	-	-	2,231,243	-	2,231,243
Investment Income, Net	4,607,127	18	51,908	(2,045,423)	2,613,630
Transfers	(933,299)	1,163,206	(229,907)	-	-
Other	(163,959)	18,928	-	-	(145,031)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>4,710,949</b>	<b>1,182,152</b>	<b>2,053,244</b>	<b>(2,045,423)</b>	<b>5,900,922</b>
<b>Change in Net Position</b>	<b>4,073,537</b>	<b>(7,821)</b>	<b>2,053,244</b>	<b>(2,045,423)</b>	<b>4,073,537</b>
<b>Net Position - Beginning of the Year</b>	<b>19,092,812</b>	<b>285,903</b>	<b>3,132,149</b>	<b>(3,418,052)</b>	<b>19,092,812</b>
<b>Net Position- End of the Year</b>	<b>\$ 23,166,349</b>	<b>\$ 278,082</b>	<b>\$ 5,185,393</b>	<b>\$ (5,463,475)</b>	<b>\$ 23,166,349</b>
<b>December 31, 2012</b>	<b>Research Park Corporation</b>	<b>Louisiana Technology Park</b>	<b>Bon Carre' Development Company</b>	<b>Eliminations</b>	<b>Total</b>
<b>Revenues</b>					
Incubator Client Income	\$ -	\$ 233,640	\$ -	\$ -	\$ 233,640
Grant and Sponsorship Income	-	34,605	-	-	34,605
Other Operating Income	-	700	-	-	700.00
<b>Total Revenue</b>	<b>-</b>	<b>268,945</b>	<b>-</b>	<b>-</b>	<b>268,945</b>
<b>Expenses</b>					
Operating Expenses	537,579	1,803,383	-	-	2,340,962
Depreciation	-	82,728	-	-	82,728
<b>Total Expenses</b>	<b>537,579</b>	<b>1,886,111</b>	<b>-</b>	<b>-</b>	<b>2,423,690</b>
<b>Operating Loss</b>	<b>(537,579)</b>	<b>(1,617,166)</b>	<b>-</b>	<b>-</b>	<b>(2,154,745)</b>
<b>Non-Operating Revenues (Expenses)</b>					
Tax Revenue	1,300,448	-	-	-	1,300,448
Gain (Loss) on Investments	-	-	-	-	-
Investment Income, Net	1,681,080	111	252,113	(116,343)	1,816,961
Transfers	(1,481,285)	1,616,142	(134,857)	-	-
Other	(398,848)	-	-	-	(398,848)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>1,101,395</b>	<b>1,616,253</b>	<b>117,256</b>	<b>(116,343)</b>	<b>2,718,561</b>
<b>Change in Net Position</b>	<b>563,816</b>	<b>(913)</b>	<b>117,256</b>	<b>(116,343)</b>	<b>563,816</b>
<b>Net Position - Beginning of the Year</b>	<b>18,528,996</b>	<b>286,816</b>	<b>3,014,893</b>	<b>(3,301,709)</b>	<b>18,528,996</b>
<b>Net Position- End of the Year</b>	<b>\$ 19,092,812</b>	<b>\$ 285,903</b>	<b>\$ 3,132,149</b>	<b>\$ (3,418,052)</b>	<b>\$ 19,092,812</b>

# RESEARCH PARK CORPORATION

## Notes to Consolidated Financial Statements

### Note 10. Combining Component Unit Information (Continued)

The following tables include condensed combining statements cash flow information for the Corporation and its component units for the years ended December 31, 2013 and 2012:

December 31, 2013	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	Eliminations	Total
Net Cash Provided by (Used in) Operating Activities	\$ (618,697)	\$ (1,117,034)	\$ -	\$ -	\$ (1,735,731)
Net Cash Provided by (Used in) Noncapital Financing Activities	331,944	1,163,209	(229,907)	-	1,265,246
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	(69,841)	-	-	(69,841)
Net Cash Provided by (Used in) Investing Activities	106,873	19,944	750,000	-	876,817
Change in Cash and Cash Equivalents	(179,880)	(3,722)	520,093	-	336,491
Cash and Cash Equivalents - Beginning of Year	309,952	22,693	15,300	-	347,945
Cash and Cash Equivalents - End of Year	<u>\$ 130,072</u>	<u>\$ 18,971</u>	<u>\$ 535,393</u>	<u>\$ -</u>	<u>\$ 684,436</u>
December 31, 2012	Research Park Corporation	Louisiana Technology Park	Bon Carre' Development Company	Eliminations	Total
Net Cash Provided by (Used in) Operating Activities	\$ (549,550)	\$ (1,533,537)	\$ -	\$ -	\$ (2,083,087)
Net Cash Provided by (Used in) Noncapital Financing Activities	(282,591)	1,615,142	(134,857)	-	1,197,694
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	(59,891)	-	-	(59,891)
Net Cash Provided by (Used in) Investing Activities	651,094	113	148,405	-	799,612
Change in Cash and Cash Equivalents	(181,047)	21,827	13,548	-	(145,672)
Cash and Cash Equivalents - Beginning of Year	490,999	866	1,752	-	493,617
Cash and Cash Equivalents - End of Year	<u>\$ 309,952</u>	<u>\$ 22,693</u>	<u>\$ 15,300</u>	<u>\$ -</u>	<u>\$ 347,945</u>

### Note 11. Subsequent Events

The Corporation has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, March 21, 2014, and determined that there were no events that require disclosure.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Board of Directors  
Research Park Corporation  
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Research Park Corporation (the Corporation, which comprise the consolidated statement of net position as of December 31, 2013, and the related consolidated statement of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 21, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Research Park Corporation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Covington, LA  
March 21, 2014